

Utah coal plant's 'dirty' power rejected

By Samantha Young

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SACRAMENTO, Calif. — A small utility near Lake Tahoe's north shore thought it had the answer to providing long-term affordable energy — coal.

But after an outpouring of public criticism and political pressure, the Truckee Donner Public Utility District voted to reject a 50-year contract to obtain energy from a planned coal plant in Utah.

The district's vote late Wednesday night was an illustration of a larger debate within California. Over the past month, several utilities have considered renewing or negotiating new contracts for cheap power from high-polluting sources before a new state law takes effect Jan. 1.

Under that law, utilities in California will be prohibited from entering long-term contracts to buy power from out-of-state coal-fired plants unless they meet the lower emission levels of a combined-cycle natural gas plant.

Utilities have found themselves squeezed between competing forces — the desire to provide inexpensive power to their customers and California's political shift to cut the emissions that contribute to global warming.

Gov. Arnold Schwarzenegger in September signed legislation requiring California utilities to buy energy from clean-burning sources. The measure is part of the state's strategy to combat global warming by reducing greenhouse gases such as carbon dioxide.

Schwarzenegger and U.S. Sen. Dianne Feinstein were among politicians, environmental groups and community activists to write letters urging the Truckee Donner board to reject the coal contract.

In his letter, Schwarzenegger warned of the potential consequences of greenhouse gases. Those include early melting of the Sierra snowpack around the picturesque town off I-80, where the seasonal economy is highly dependent on the ski industry.

"We all recognize the need for a stable and affordable supply of electricity, but we have a responsibility to generate it in a way that is environmentally sensitive," Schwarzenegger said in a statement issued Thursday.

In a related effort, the California Public Utilities Commission on Wednesday issued regulations that would ban state-owned utilities from buying electricity from any source that emits more than 1,000 pounds of carbon dioxide for every megawatt generated. That's about the amount emitted by a modern natural gas power plant.

The regulations are scheduled for a vote next month.

The contract being considered by the Truckee utility had been in the works for about three years. It would have allowed the district to buy power from a Utah coal plant at cost, which supporters said would save the utility millions of dollars a year.

That plant is scheduled to be online by 2012, when the Truckee contract would have kicked in.

Truckee Donner officials acknowledged they rushed the vote on the contract to try to get it approved before California's new law takes effect. They said rejecting the Utah power likely would raise rates on the district's 12,000 customers by 30 percent.

California's law also prompted a handful of Southern California municipal utilities to consider renewing their coal contracts about 20 years early. The cities, including Pasadena and Anaheim, ultimately rejected the idea last month and decided instead to pursue power from wind farms, solar and other alternative sources.

Environmental groups commended the utilities for rejecting offers by Utah's Intermountain Power Agency Inc. to lock up contracts by the end of the year before the new law and PUC regulations take effect.

"California still runs on about 20 percent of coal, and that's not going to change overnight," said Paul Vercruyssen, development director for the Center for Energy Efficiency and Renewable Technologies, a nonprofit based in Sacramento. "But what we can do is say we're not going to financially support any new coal."

The votes against the coal contracts were expected given California's political environment, said Reed Searle, general manager of Intermountain Power, based in South Jordan.

He said the company's plans to build a third coal-fired plant in western Utah are unaffected by the Truckee vote because cities in Utah are on a waiting list for the contract. Nevertheless, he said the company has heard California's demand for cleaner energy.

"We have been doing research and putting funds into carbon-reduction technologies," Searle said.